

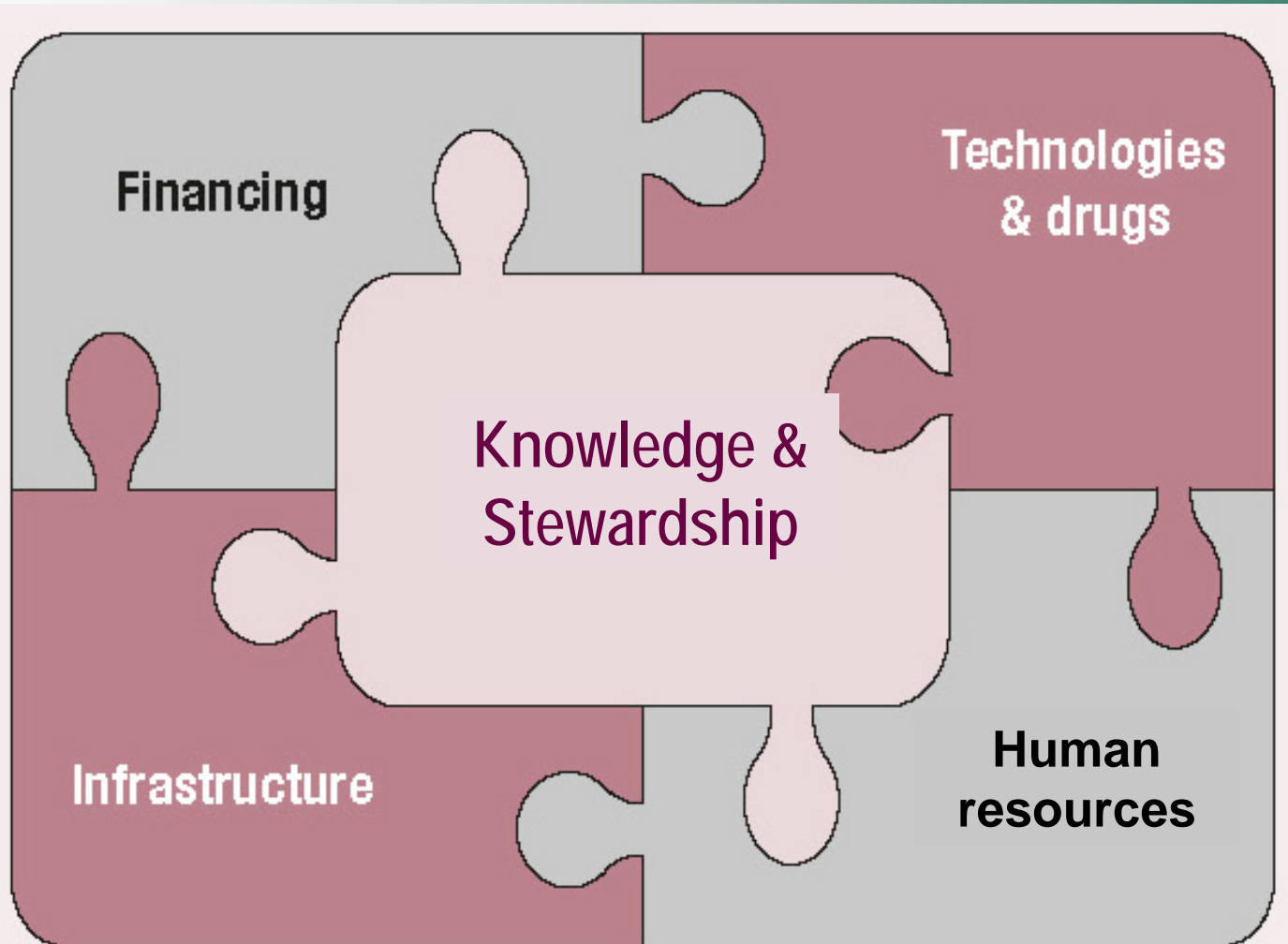
# Leveraging the private sector to improve health systems for the poor

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Global Health Forum  
Geneva, Switzerland

# Health systems

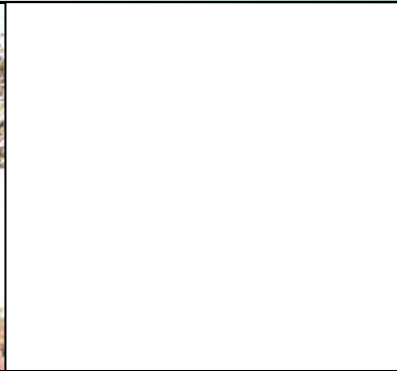


All organizations, people and actions whose *primary intent* is  
**to promote, maintain or restore health**

- Health equity
- “*Good health at low cost*”
- The economic transition of health

- **Capacity:**
  - New competencies for public health & HS
- **Technology:**
  - Global eHealth initiative
- **Policy:**
  - The role of the private sector in health

# The private sector?



# Why the Private Sector?

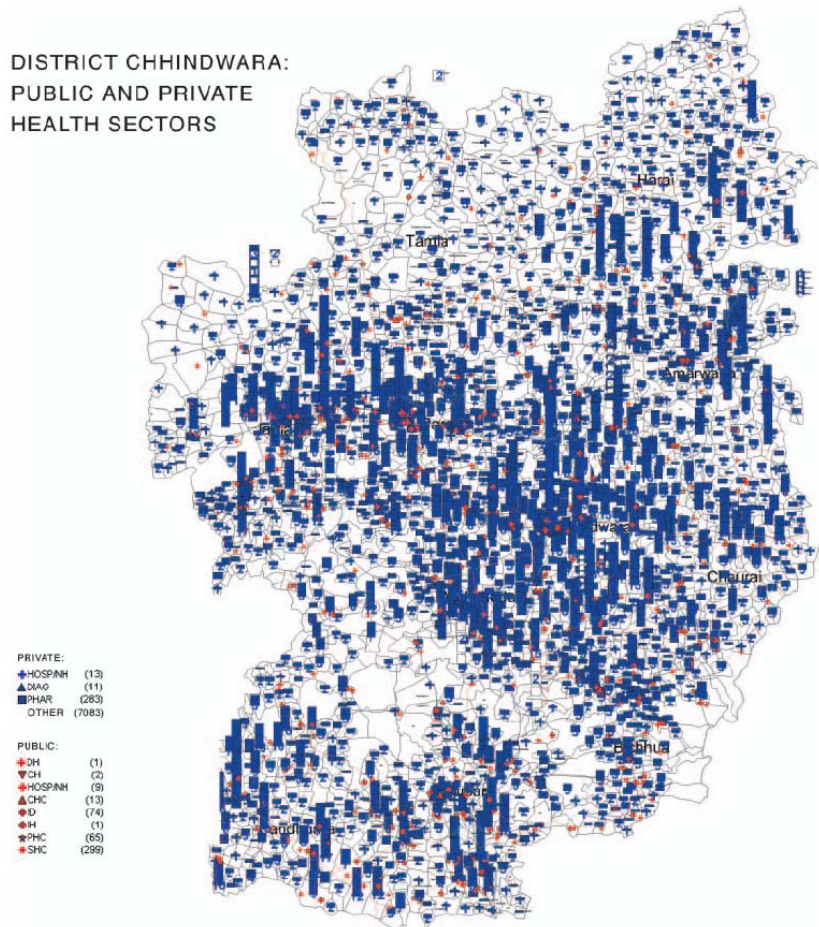
## The private sector in most developing countries is...

**Large:** A large percentage of health expenditure and provision is already private

**Growing:** Much of the expected growth in overall health expenditures is likely to initially be in the private sector.

**Neglected:** Ministries of health, along with international agencies and donors, tend to focus on the public sector.

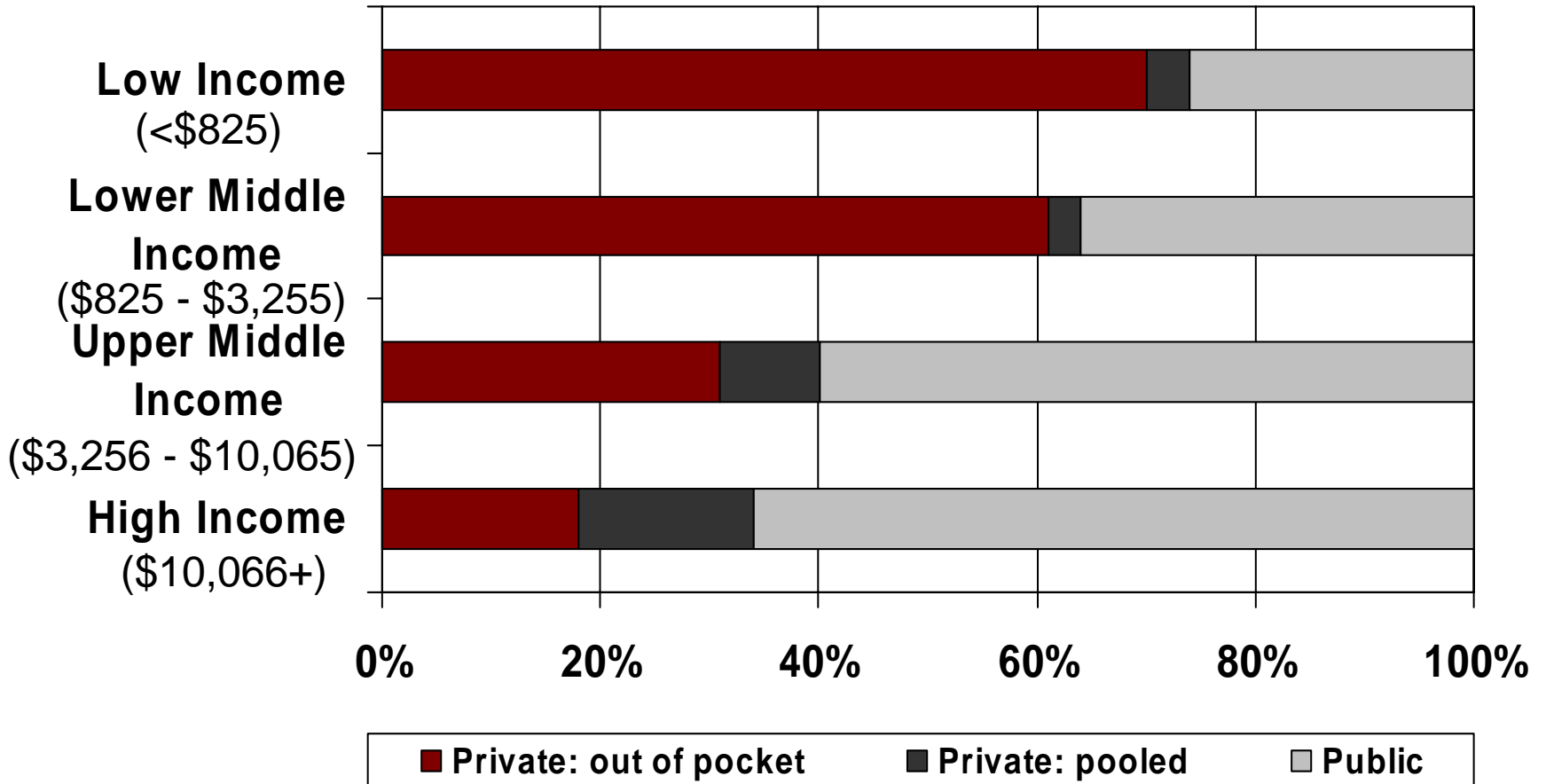
DISTRICT CHHINDWARA:  
PUBLIC AND PRIVATE  
HEALTH SECTORS



**Madhya Pradesh, India**

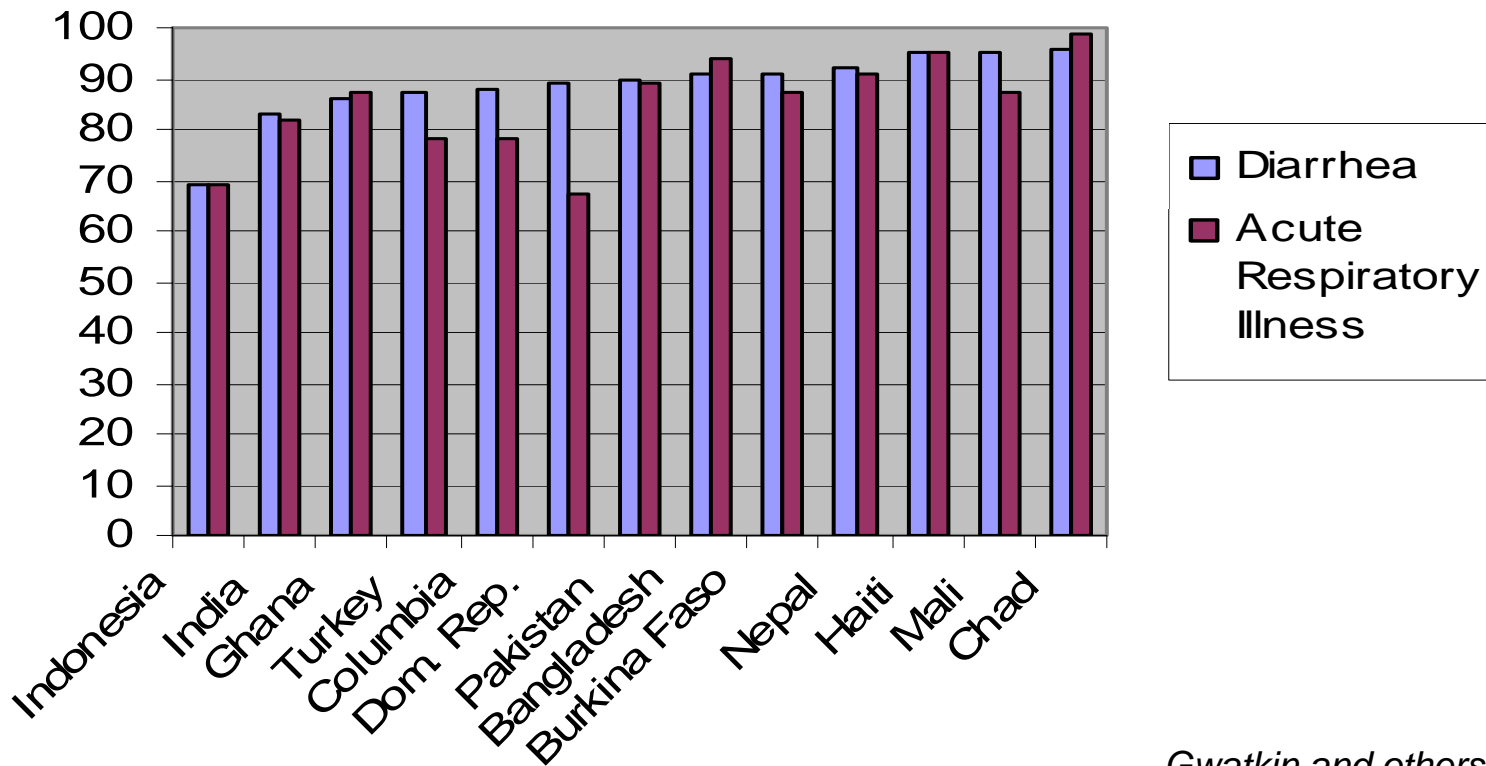
Source: De Costa, 2007

# LMICs pay primarily OOP



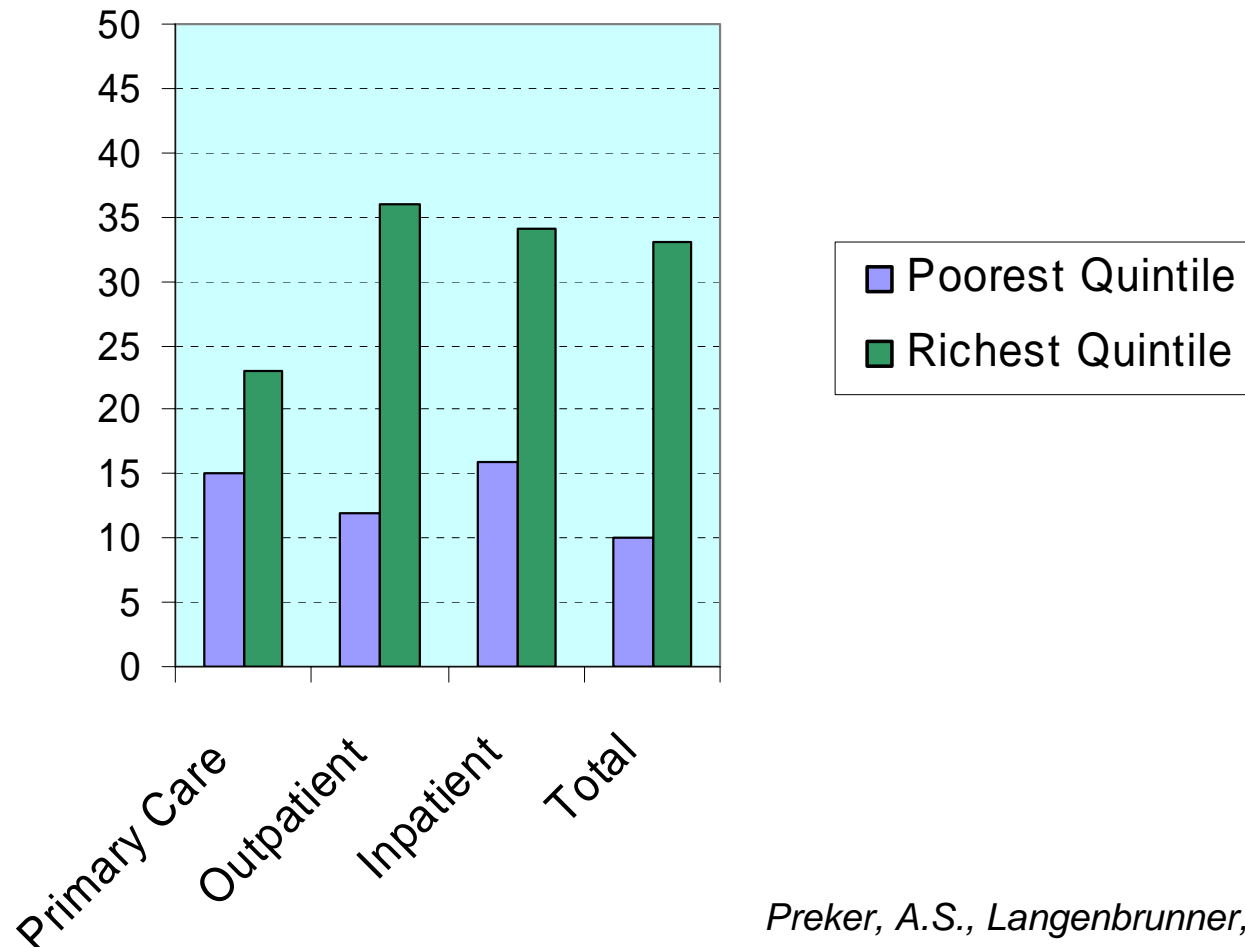
# Where do sick people go

Percentage of people treated outside public sector for most recent illness



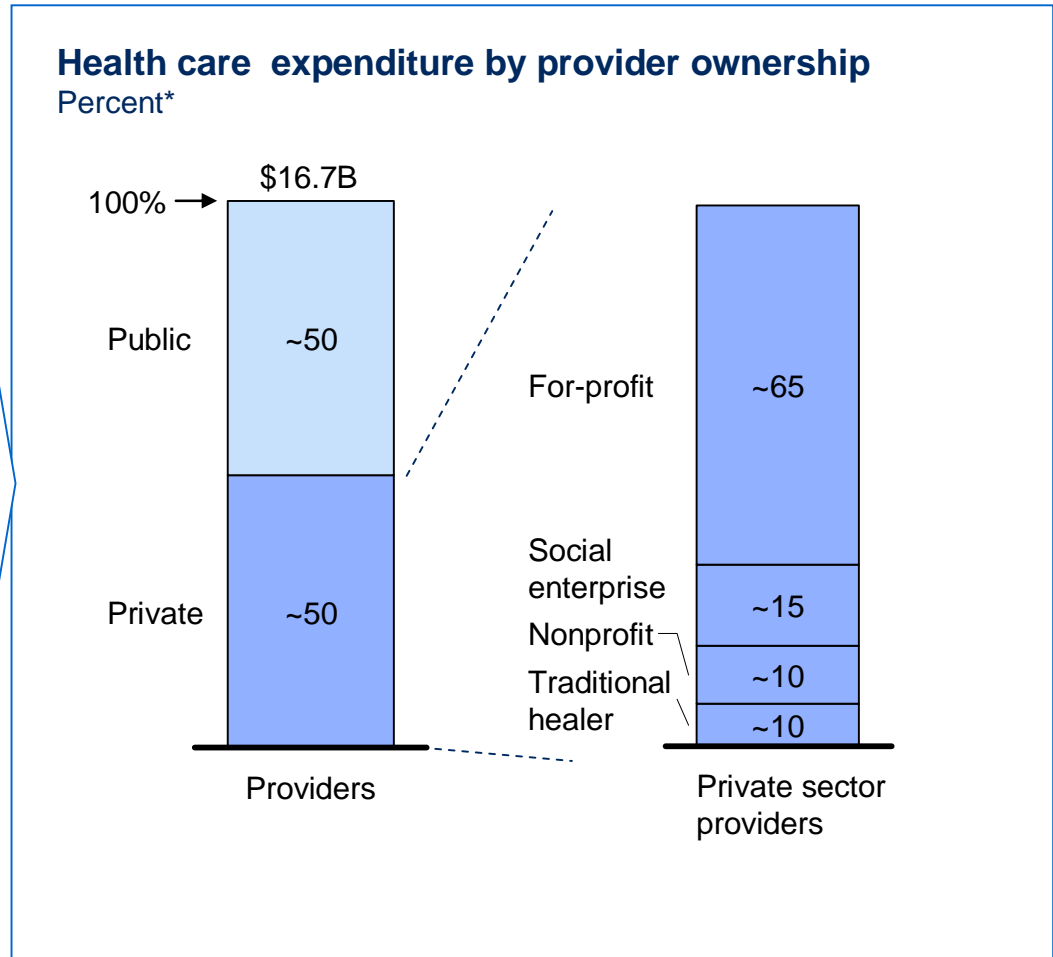
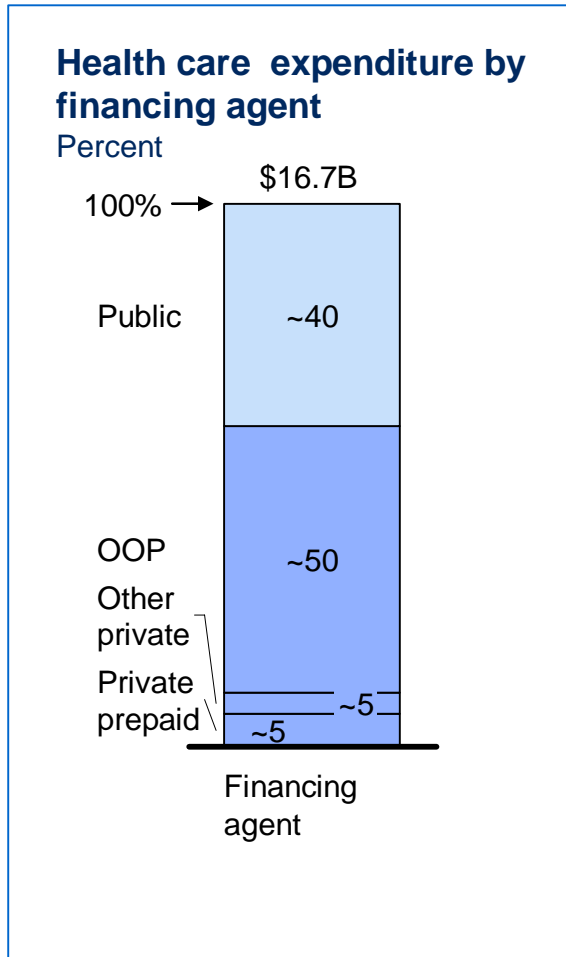
# Public sector not equitable

## Public sector health services accruing to poorest and richest quintiles in Africa



## SUB-SAHARAN AFRICA 2006

Public Private



# RF approaches

1. Identify **promising models on the ground** on five health systems areas
2. Advance thinking on **how countries can strengthen health systems** that leverage the public and private sectors by **analyzing 5 functional areas**
3. Invite greater attention to the role of the private sector and understand **major barriers to changing policy, practices and funding priorities** related to engagement with the private health sector

# Anecdotes

“It is easy to ignore the private sector because there is so little data on it”

“There is an awful lot of desire to keep the status quo. Ideally the public sector would see the private sector as a complement rather than a threat. It would assist the private sector, rather than blocking it”

“The prevailing ideology in civil service is still quite anti-private. Surprisingly, this is even the case in countries with huge private health sectors such as India”

# To date, this initiative has been focusing on 5 areas of inquiry in three of the four boxes

## Challenges

## Intervention opportunities

### Government

### Private

**Public delivery systems**

- SWAPs /Performance-based aid
- Civil Service reform
- Technical assistance
- Supplemental salaries

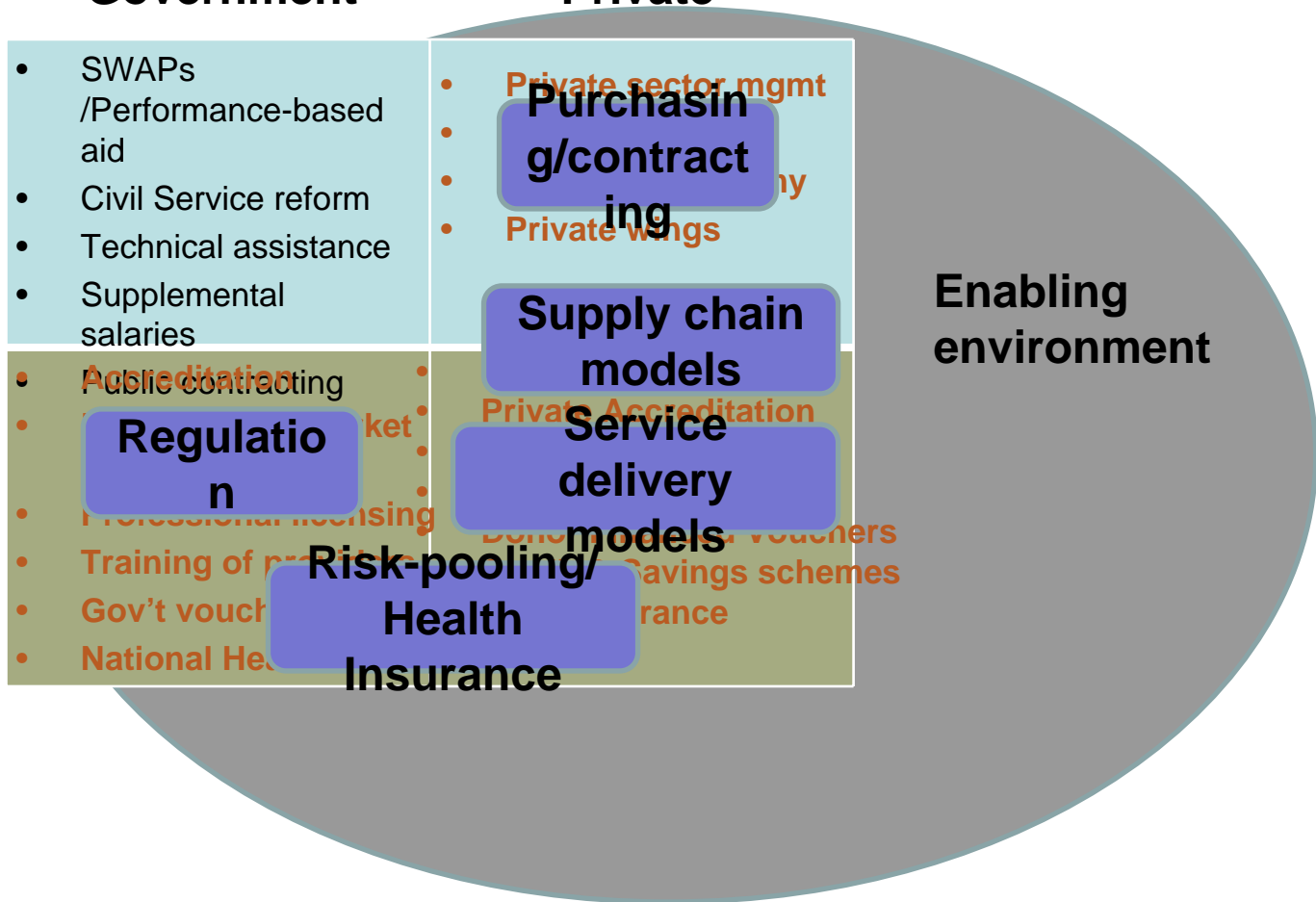
- Private sector mgmt
- Purchasing/contracting
- Private wings

**Market delivery systems**

- Accreditation
- Public contracting
- Regulation
- Professional licensing
- Training of providers
- Gov't vouchers
- National Health Insurance

- Supply chain models
- Service delivery models
- Risk-pooling/Health Insurance
- Private Accreditation
- Consumer vouchers
- Savings schemes
- Insurance

**Enabling environment**



# 5 functional areas

## Risk-Pooling and Insurance

- Risk-pooling or insurance arrangements that leverage existing private out-of-pocket payments as well as government and/or donor resources to improve affordability of health services, reduce catastrophic expenditures, as well as facilitating improved quality and availability

## Regulation

- Enforced standards governing private and/or public providers imposed by government or established through self-regulation to improve quality of hospitals, health care practitioners, and medical products

## Provider Purchasing Mechanisms

- Purchasing mechanisms, including contracting-out, pay-for-performance, and quality ratings, designed to increase quality and expand availability of private and/or public providers

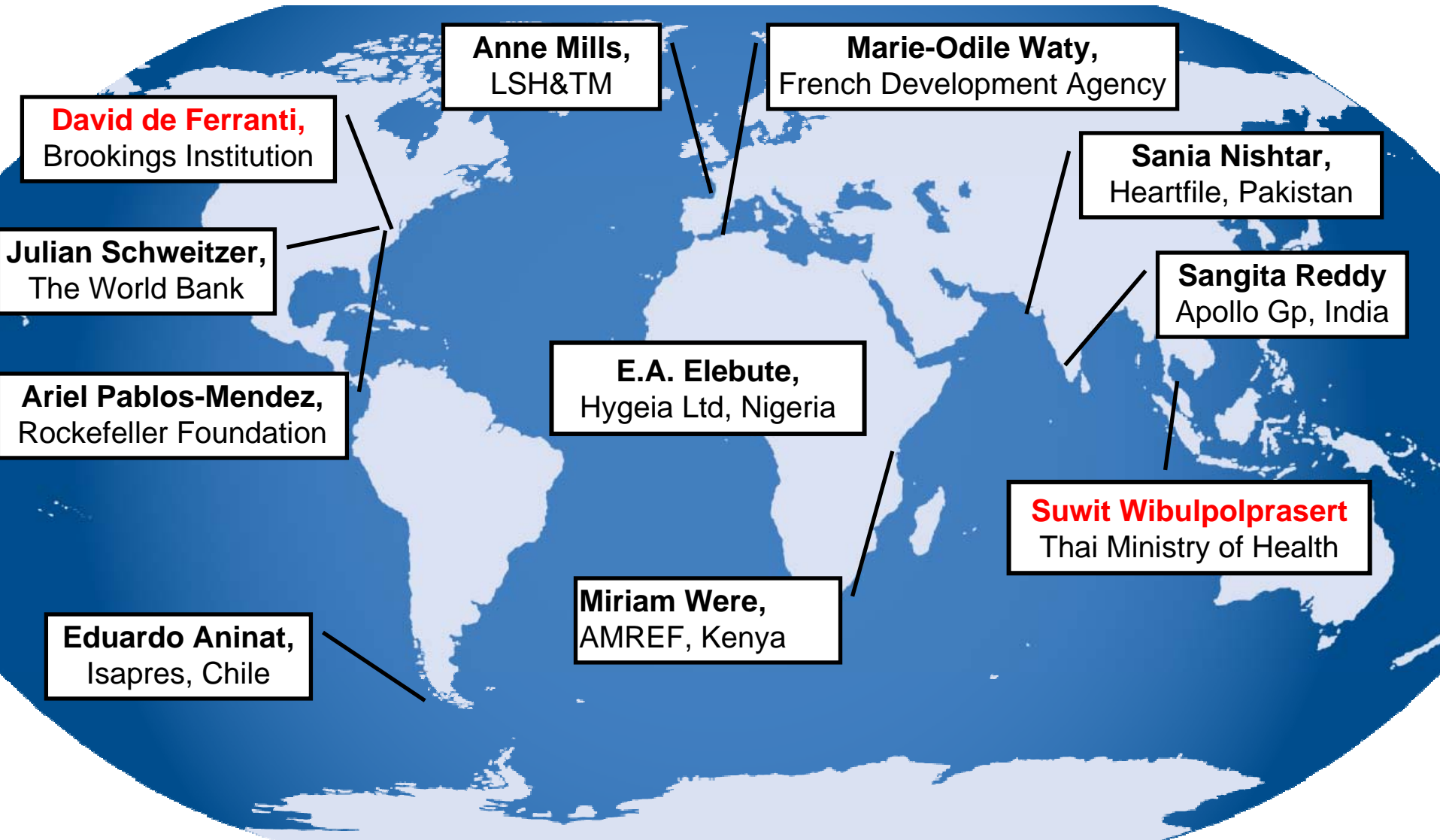
## Supply Chain Models

- Models leveraging private sector supply chain principles to improve quality and availability of products in private markets and government procurement/distribution systems

## Innovative Service Models

- Models such as franchising, vouchers and social marketing that improve quality and availability of services and products for poor people

# The Working Group



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# Promising models

<b>Organization:</b>	<b>Karuna Trust</b>
<b>Location:</b>	<b>Karnataka, India</b>
<b>Model:</b>	<b>Privately managed insurance scheme to utilize public health care</b>

- **Description:**

- Low premium insurance product offered in partnerships with public health centers and the National Insurance Company
- Benefits package:
  - Those who qualify for the insurance scheme already receive free treatment from public facilities
  - Transportation to health care facility
  - Compensation for wage loss
  - Drug fund to supply medicines unavailable in public facilities
- Since program leverages existing public infrastructure, low premium cost is affordable
- Premium was fully subsidized for the very poor by UNDP in first year
- About half of members of the subsidized scheme paid to renew membership
- Utilization levels and quality of care improved notably because drugs were supplied through insurance

- **Potential Intervention(s):**

- Replicate the model in another state in India
- Conduct quantitative and qualitative impact evaluation

# Promising models

<b>Organization:</b>	<b>VillageReach</b>
<b>Location:</b>	<b>Mozambique, Malawi</b>
<b>Model:</b>	<b>Innovative product supply chain model</b>

- **Description**

- VillageReach (VR) is an NGO that builds and manages rural distribution networks for public primary health care clinics (Mozambique and Malawi)
- VR launches social, for-profit, locally owned businesses that address gaps in supply chain infrastructure
- Addresses high cost of transporting medicine to rural areas
- Addresses frequent stock-outs in rural primary health care clinics
- Often, poor quality of public health supply chain leads NGOs to operate outside of network, creating duplicate, vertically-based supply chains

- **Potential Interventions:**

- Replicate the VR model in another country in Africa
- Incorporate PDA technology to streamline information systems and better manage stock outs and other elements of the supply chain (e.g. D-Tree International)

# Promising models

<b>Organization:</b>	<b>Emergency Management and Research Institution</b>
<b>Location:</b>	<b>Andhra Pradesh and Gujarat, India</b>
<b>Model:</b>	<b>Private ambulance services</b>

- **Description:**
  - “911” non-profit service mapped to public and private providers
  - Model has been viewed as one of the most successful public-private partnerships where government has recognized the efficiency in the private sector and agreed to cover operational costs while not intervening in management
  - Service helps to navigate vast, unregulated private sector through call center which directs ambulances to vetted health care sites
  - Privately funded for first two years but now mostly paid for by the government
  - Scalability has been a part of the strategy from the very beginning
  - Government has announced intention to spread services to all of India
  - Patients are charged based on ability to pay (determined by which hospital they choose)
- **Potential Intervention(s):**
  - Assist EMRI and the government in linking to a formal accreditation system
  - Scale the model to other states in India
  - Replicate the model in another country

# Several potential execution phase models

## Description

Scale the best models

- Directly support the best country-level opportunities

Scale one model

- Choose a theme (e.g., health insurance or franchising) and support scale-up, evaluation, and documentation of best practices through various related projects in several countries

Adopt a country

- Choose one or several countries and work closely with the ministry and key private actors to implement models and improve collaboration

Be an instigator

- Design new global policy, funding, technical assistance, and/or evaluation mechanisms and institutions and recruit other donors to support

Catalyze shift in attitudes

- Convene forums that bring together public and private actors to address key challenges with goal of dissolving mistrust and ideology

# Potential categories of **execution phase** activities

Influencing attitudes and agenda

Building data and evidence base

Developing new funding mechanisms

Building capacity

# Potential activities to influence attitudes and agenda

Influencing attitudes and agenda

- Convene **global forums for dialogue**
- Create **global working groups** that bring together public and private actors to address challenges of public and market delivery systems (at global, regional or country level)
- Convene **advisory board(s)** to develop and advocate policy recommendations for technical agencies, donors, MOHs, etc. and interface with them at a national/supranational level
- Issue **policy papers** and other publications targeting key audiences
- Issue **calls for relevant agenda items** at key global forums (e.g. G8, WHA)
- **Create communications** targeted at citizens

Building data and evidence base

Developing new funding mechanisms

Building capacity

# Potential activities to build data and evidence base

Influencing attitudes and agenda

**Building data and evidence base**

Developing new funding mechanisms

Building capacity

- Collect **data** on current patterns of delivery and financing in specific markets
- Develop new holistic **evidence** (case studies + hard data) on which models work in specific contexts
- Document implementation experience of promising models to identify **best practices and lessons learned**
- Develop new thinking on health care **regulatory barriers and enablers** and evaluate specific countries to identify gaps
- Conduct **institutional mapping** of specific national/sub-national settings to better understand perspectives and micro-incentives of each actor

# Potential activities to develop new funding and incentives

Influencing attitudes and agenda

Building data and evidence base

Developing new funding mechanisms

Building capacity

- Develop mechanisms to identify best opportunities that leverage private health sector (clearing house function)
- Develop new mechanisms to channel funds to private providers of care, while creating incentives to improve quality and serve the poor (E.g., subsidies for insurance, vouchers, contracts)
- Create demand-driven challenge funds
- Create budget lines and/or departments within aid agencies that focus on leveraging private sector
- Ensure that funding streams incentivize both public and private actors to produce improved results (e.g., output based aid)

# Potential activities to build capacity

Influencing attitudes and agenda

- Create a demand-driven **technical assistance facility** to improve MOHs capacity to regulate and/or work with private sector

Building data and evidence base

- Develop joint “**best practice teams**” (preferably from global south) that can coach/mentor nascent efforts

Developing new funding mechanisms

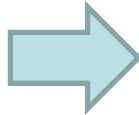
- Design concrete **guides/toolkits** that enable public and private actors to organize initial planning

**Building capacity**

# Success could be defined at three levels...

## Improvements in the enabling environment

- Better communication and understanding between sectors
- More data about current systems and evidence about models for improvement
- New Agendas
- Expanded, more efficient funding
- Improved capacity to implement proven models



## Changes in practice in developing countries

- Scale-up of proven interventions that improve public and market health systems
- More interaction and joint problem-solving between sectors
- Donor and private equity more impactful in promoting improved systems performance for the poor



## IMPACT

- Health systems that offer greater...
  - Quality
  - Affordability
  - Availability
  - Equity
  - Accountability
  - Efficiency

Shorter term

Medium term

Longer term

# Potential **overall** indicators of success

- Reduced mutual distrust and suspicion between sectors
- Improved information about structure of delivery systems in specific countries
- Increased formal and informal collaboration between public and private sector actors to solve key public and market delivery system challenges
- Increased evidence about effectiveness and appropriate context for various private mechanisms
- Adoption / scale-up of proven models
- Increased funding for proven models and global level activities
- Global health agenda incorporates issues of market delivery systems and private interventions
- Improved health outcomes

# Barriers

The private sector has been largely ignored by ministries of health and the donors and international organizations that support them

## Possible reasons for neglect

### Limited government capacities

- Lack of training in negotiation and management of contracts
- Weak infrastructure for large scale regulation and enforcement
- Limited understanding of market-oriented approaches

### Limited use of evidence-based policy

- Data gaps hinder research and implementation efforts
- Lack of publicized stories enable private sector neglect

### MOH/development community disinclination to engage

- Belief that government should be the primary healthcare provider
- Views the private sector as a threat to government budgets and staff
- Perceives private health provision as being exclusively about the bottom line

# Conclusions

- To address availability, affordability, and quality, the private sector must be more effectively leveraged, both for provision and financing of health services.
- Existing mindset and ideology appear to create barriers to initiating an evidence-based discussion regarding the role of the private sector in health systems.
- Systemically leveraging the private sector will require a coordinated strategy—including demonstrating concrete results on the ground, as well as changing policy and funding priorities at national and supra-national levels.

THANK YOU